Congressman Issa
HEALTH CARE HANDBOOK

CONTENTS

issa.house.gov

PRINCIPLES FOR HEALTH CARE REFORM

1. **The status quo is not acceptable.** Reforming America's health care system is one of the most pressing challenges that this country must face and accomplish.

2. **Our health care system should never be taken over by the government.** A government takeover of health care would lead to politicians and bureaucrats in Washington, D.C. making your health decisions for you.

3. **The personal doctor-patient relationship must be protected.** The federal government should never be given the power to interfere with that relationship. The ability to choose one's own doctor is a vital component to quality care.

4. **Timely access to high-quality treatment should be maintained.** Any reform plan must ensure that both quality care *and* timely access are preserved. Delayed care is denied care.

5. **Prescription drug reform is needed.** Cash-paying customers should not be charged a higher price for prescription drugs. Different prices for the same drug sold to different people ends up unfairly punishing the poor. Prescription drug reform would incentivize cash transactions and reduce costs associated with credit card fees, check fees and billing that drive up the cost of care.

6. **Medical malpractice reform must happen.** The rising price of medical malpractice insurance is forcing doctors out of practice and leading to defensive medicine, driving up costs for patients. We must address this sooner rather than later.

7. **Americans need health insurance between jobs.** Unemployment insurance should cover the health care of displaced workers while they search for new jobs.

8. **Affordable access for all.** Every American should have access to the private health insurance benefits that members of Congress and federal employees have. Reform modeled on the Federal Employee Health Benefit Program (FEHBP) would be flexible enough to meet different health care priorities, and competitively priced for every income level.

9. **No tax increases.** Health care reform should not be paid for on the backs of taxpayers.

10. **Bailouts and government run health care will bankrupt our nation.** For the first time ever the federal budget deficit is over $1 trillion thanks to our banking bailouts, auto bailout, and the misguided $787 billion stimulus package. If the government takes over our health care, and models it after Medicare, who will bailout the government when the American people have no more to give?

LET FREEDOM RING

PROMOTING CONSTITUTIONAL GOVERNMENT, ECONOMIC FREEDOM & TRADITIONAL VALUES

Responsible Healthcare Reform Pledge

I, DARRELL ISSA, pledge to my constituents and to the American people that I will not vote to enact any healthcare reform package that:

1) I have not read, personally, in its entirety; and,

2) Has not been available, in its entirety, to the American people on the Internet for at least 72 hours, so that they can read it too.

Member, United States House of Representatives

Let Freedom Ring, Inc., 603 Fairway Drive, West Chester, PA 19382 – Fax and Voicemail 888-462-6891; Telephone 610-793-1800
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ROLL CALL

Reform Is Needed, but Don't Use Medicare Model

June 16, 2009, 2:52 p.m.

By Rep. Darrell Issa

Somewhere between the health care extremes — no government involvement and total government control — real reform is possible. And reforming America's health care system is one of the most pressing challenges that we face.

Serious problems have emerged. Skyrocketing administrative and liability costs, cumbersome interstate restrictions and the terrible reality that our nation's poor receive primary care at the highest point of cost — emergency rooms — necessitate a thoughtful debate and comprehensive reform.

Currently, we spend more than $2.2 trillion on health care annually and yet 45 million Americans — 38 percent of whom are small-business owners, their employees and dependents — are kept from affordable coverage because of rising costs.

Since 1965, the percentage of the federal budget allocated to Medicare and Medicaid has grown out of control. Originally estimated at an annual cost of $12 billion by 1990, Medicare actually cost a whopping $107 billion that year. Likewise, Medicaid, which originally accounted for 2.9 percent of the total national health cost, rose to 15 percent by the year 2000, and the price tag keeps rising. In fact, the Congressional Budget Office projects that together the programs could consume as much as 20 percent of gross domestic product in the next generation.

Like every Member of Congress, I've been searching for a responsible solution. Such a solution must protect the patient-doctor relationship and allow the freedom to choose not only competitive insurance plans, but preferred doctors as well. It must ensure timely access to quality treatment, and it must avoid a government takeover that puts the important decisions about care and treatment in the hands of Washington, D.C., bureaucrats.

The key component of President Barack Obama's plan for change is a government-run insurance option that would provide universal coverage at a staggering cost with limited options for the poor. Under the Obama/Speaker Nancy Pelosi (D-Calif.) scheme, the uninsured and underinsured will be enrolled in a plan modeled after Medicare — a program that will be bankrupt by the year 2018. Not content with only running the American auto, banking, mortgage and insurance industries, the president is now positioning himself to be our physician in chief.

How's this sound for reform? Take one of the most fiscally problematic and bureaucratically bloated federal programs in modern history and replicate it on a universal scale. Mix it up with an apothecary's dose of rhetorical hallucinogens, and package it nicely with the label of change and hope that the country buys it.

The president told us during his campaign that his plan would save every American as much as $2,500 per year on their health insurance premiums, but if his ability to estimate premium savings is anything like his ability to estimate job creation, I'm afraid we're in for another unpleasant surprise.

Yet there are some areas where both parties are finding common ground. For instance, every American should be encouraged to purchase coverage through an incentivized tax structure.

For those who are unable to purchase coverage because of limited income, however, I support a voucher system that allows them to choose from an array of private plans on the open market. Rather than automatically enrolling underprivileged Americans in a plan they didn't choose, I suggest empowering them to make decisions for themselves and their families, aided by a direct government subsidy when necessary.

Already, the federal budget includes the cost of primary care for the poor and underprivileged through Medicaid and other federal subsidies like the State Children's Health Insurance Program.

What they are without, however, are the kinds of choices that President Obama promised — choices that Pelosi and every Member of Congress have. The choice to evaluate a range of competitive plans and determine which one meets his or her own needs. The choice to find your own doctor and change doctors when necessary.

We can reform the system — not just expand and repackage it — if we will hold fast to three basic principles. The private sector is more efficient and less costly than the public sector. The poor are better served by choice and assistance than by coercion and exemption. And Congress has a responsibility to enact responsible reforms that address long-term problems, not hasty legislation that limits the access of all Americans to timely, affordable and dependable medical care.

Rep. Darrell Issa (R-Calif.) is the ranking member on the House Oversight and Government Reform Committee.

HEALTH CARE REFORM PROPOSAL BASICS

Both the House and the Senate are working on health care reform proposals. While not complete, below are key components in the discussions.

	House Proposal – HR 3200 (as of 6/9/09)	**Senate Proposal (as of 6/19/09)**
Individual Mandate	All individuals must have "acceptable" health coverage. A penalty of 2.5% of adjusted gross income will be assessed if individuals do not comply	Same requirement but a maximum penalty of $750 per year
Employer Mandate	Employers must offer coverage, pay at least 72.5% of premiums or pay a 8% of payroll penalty	Employers are required to offer coverage if they employ 25 or more people. Penalty of $750 for each full-time employee and $375 for part-time employee not covered
Public Programs	Medicaid is expanded	Medicaid is expanded
Subsidies	Yes, to individuals up to 400% of the Federal Poverty Level and to some employers	Yes, up to 400% of the Federal Poverty Level and to some employers
Government-run Public Plan	Yes	Yes
Pooling	Creates an "exchange" for individuals and organizations to purchase insurance from a variety of private plans and a public plan option	Creates a "gateway" for the same purpose as the "exchange"
Benefit Design	The federal government must approve an essential benefits package and deem private plans as "acceptable" in order for a plan to be offered on the "exchange"	Creates a government approved set of essential benefits and determines minimum qualifying coverage and affordability standards
Private Insurance	Imposes insurance market regulations including "pre-existing" condition exclusions or adjusted premiums based on health conditions	Imposes insurance market regulations including "pre-existing" condition exclusions or adjusted premiums based on health conditions, permits sale of plans outside of the "gateway"
Cost Containment	Modify Medicare, reduce Medicaid hospital DSH payments, increase disclosure by hospitals, physicians, etc.	Establish a Health Care Program Integrity Coordinating Council and 2 new federal department positions to oversee waste, fraud, and abuse

	(continued) House Proposal	(continued) Senate Proposal
Comparative Effectiveness Research	Yes	Yes
Prevention and Wellness	Create a national strategy to improve wellness and focus on prevention	Create a national strategy to improve wellness and focus on prevention
Long-term Care	Improve information transparency	Establishes a national, voluntary program
Financing	The Congressional Budget Office (CBO) estimates the cost to be $1 trillion over 10 years	CBO estimates this incomplete proposal will cost $615 billion over 10 years
Sources	http://waysandmeans.house.gov	http://help.senate.gov

HEALTH CARE FINANCE PROPOSALS

House - H.R. 3200, the "America's Affordable Health Choices Act"

Taxes on Individuals. The bill would impose a 2.5% tax on all individuals who do not obtain health coverage through their employer or do not purchase federally-approved insurance offered through a government-run Exchange. The bill does not include an exemption for individuals with incomes under $250,000.

Taxes on Jobs. The bill would impose a tax equal to 8% of firms' total payroll costs if they cannot afford to purchase coverage for their employees—and, beginning in 2018, would also tax businesses whose employees decline employer-provided insurance and instead obtain coverage through the government-run Exchange. According to a model developed by Council of Economic Advisors Chair Romer, the more than $300 billion in taxes on businesses raised as a result of this employer mandate would destroy 4.7 million jobs.

Taxes on Small Business Owners. The bill would impose new surtaxes (up to 5.4%) on "high earning filers"—increasing tax rates to as much as 45 percent. As more than half of all individuals in the top tax bracket report significant business income, these tax increases would harm small business owners, potentially resulting in significant job losses.

Taxes on Businesses Making Filing Errors. The bill permits the imposition of excise taxes on businesses who do offer health coverage of up to $500,000 for inadvertent and unintentional deviations from the bill's bureaucratic diktats.

Taxes on Health Benefits. The bill would impose a per capita tax on all health insurance policies—the first-ever tax on health care benefits—in order to finance a Comparative Effectiveness Research Trust Fund charged with compiling data that federal employees could use to ration access to health care treatments and services.

Senate - The "Affordable Health Choices Act"

The Senate is continuing to work toward a complete health care reform bill. Financing proposals include:

Increased Beverage Taxes. Proposals consider increasing federal excise taxes on alcoholic beverages and sugar-sweetened beverages.

Taxes on Nonprofit Hospitals. Proposals consider raising taxes on non-profit hospitals who don't meet federal guidelines such as hospitals that are too aggressive in collecting payments for outstanding bills.

Taxes on Medical Expenses. Proposals consider eliminating itemized deductions for individuals with high medical expenses (those over 7.5% of adjusted gross income.)

Taxes on Student Payroll. Proposals consider instituting a payroll tax on medical students.

Taxes on State and Local Government Employees. Proposals would extend Medicare payroll tax to all State and local government employees.

NON-PARTISAN EXPERTS ANALYZE HEALTH CARE PROPOSALS

Reform Proposals will Not Address Rising Health Care Costs
On Thursday, July 16, 2009, the Director of the non-partisan Congressional Budget Office (CBO), Dr. Elmendorf, testified to the Senate Budget Committee, concluding Democrat health care reform proposals will do nothing to curb rising health care costs.

Senator Conrad question:

> *"Everyone has said, virtually everyone, that bending the cost curve over time is critically important and one of the key goals of this entire effort. From what you have seen from the products of the committees that have reported, do you see a successful effort being mounted to bend the long-term (health care) cost curve?"*

CBO Director Dr. Elmendorf response:

> *"No, Mr. Chairman. In the legislation that has been reported we do not see the sort of fundamental changes that would be necessary to reduce the trajectory of federal health spending by a significant amount. And on the contrary, the legislation significantly expands the federal responsibility for health care costs. "*

Reform Proposal will Result in People Losing their Current Insurance
The Lewin Group, a health care and human services policy research management firm, concludes the government-run public plan would eventually enroll about 103.4 million people, reducing the number of people with private health insurance by 83.4 million. This is a 48% reduction in the number of people with private insurance.

Senate Reform Proposal will Increase Unemployment
The Lewin Group estimates the "American Affordable Health Choices Act" will result in between 260,000 to 600,000 lost low-wage jobs due to the increase in employer costs as a result of this legislation.

Reform Proposal will Increase Taxes for All Americans
On July 16, 2009, Mr. Thomas Barthold, Deputy Chief of Staff of the Joint Committee on Taxation, testified before the House Ways and Means Committee on taxes all Americans will incur under the House Democrat health care proposal, H.R. 3200.

Mr. Barthold said,

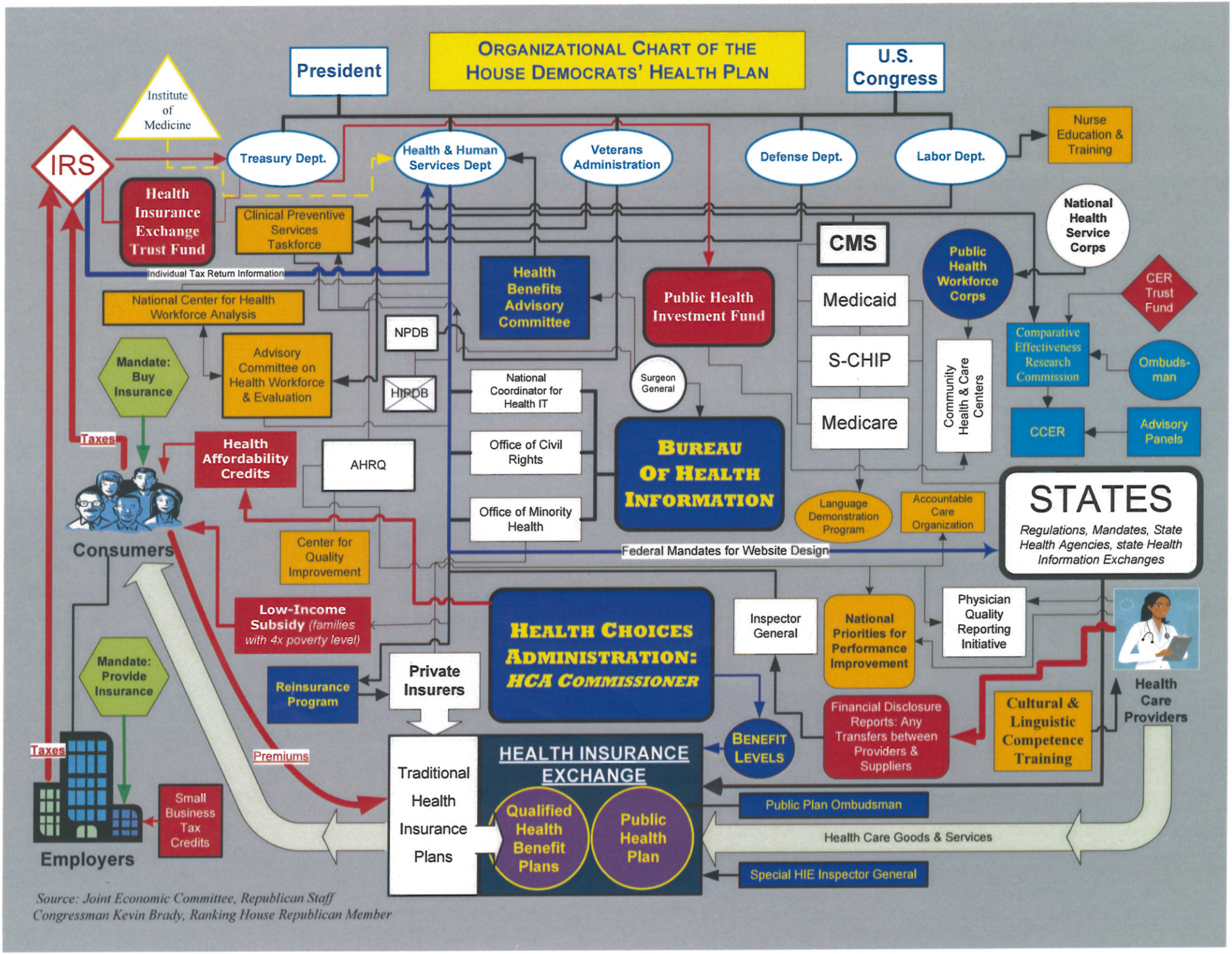
> *"You asked about the proposal for the tax on individuals without acceptable health care coverage. And, it's a tax on the individual's wages over an AGI (adjusted gross income) threshold. And, the AGI threshold says, I pointed out this morning, in 2009, would be $18,700 on a joint return, $9350 on an individual return. So, yes, one would have to say that there would be taxes on individuals with AGI less than $200,000 in that circumstance."*

Reform Proposal will Increase Federal Health Care Spending
On July 16, the non-partisan, CBO Director, Dr. Doug Elmendorf, testified before the House Ways and Means Committee members regarding the Democrats' health care proposal, H.R. 3200.

CBO Director Dr. Elmendorf said,

> *"The coverage proposals in this legislation would expand federal spending on health care to a significant degree. And in our analysis so far, we don't see other provisions in this legislation reducing federal spending by a corresponding degree."*

Proposals will Increase Federal Deficit
The costs of the new government-run plan and the health insurance exchange are not fully offset by tax increases and Medicare and Medicaid reductions. Therefore, on July 2nd the Congressional Budget Office estimated the Senate proposal will increase the federal deficit by $597 billion.

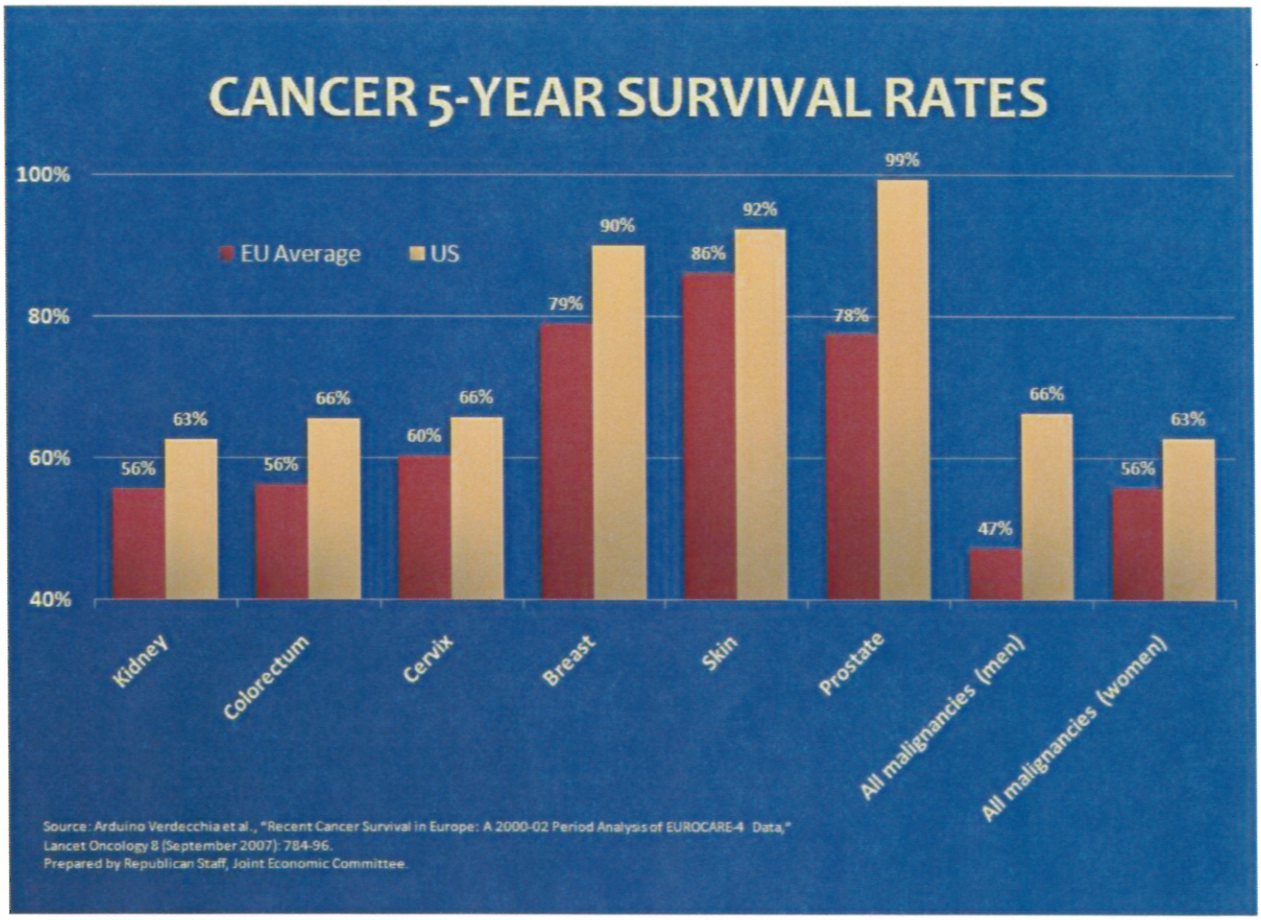


Source: Joint Economic Committee, Republican Staff
Congressman Kevin Brady, Ranking House Republican Member

IMPACTS OF GOVERNMENT-RUN HEALTH CARE

High Quality Treatment?

This Joint Economic Committee chart displays cancer 5 year survival rates in the United States compared to the European Union, which has government-run health care compared to the United States.



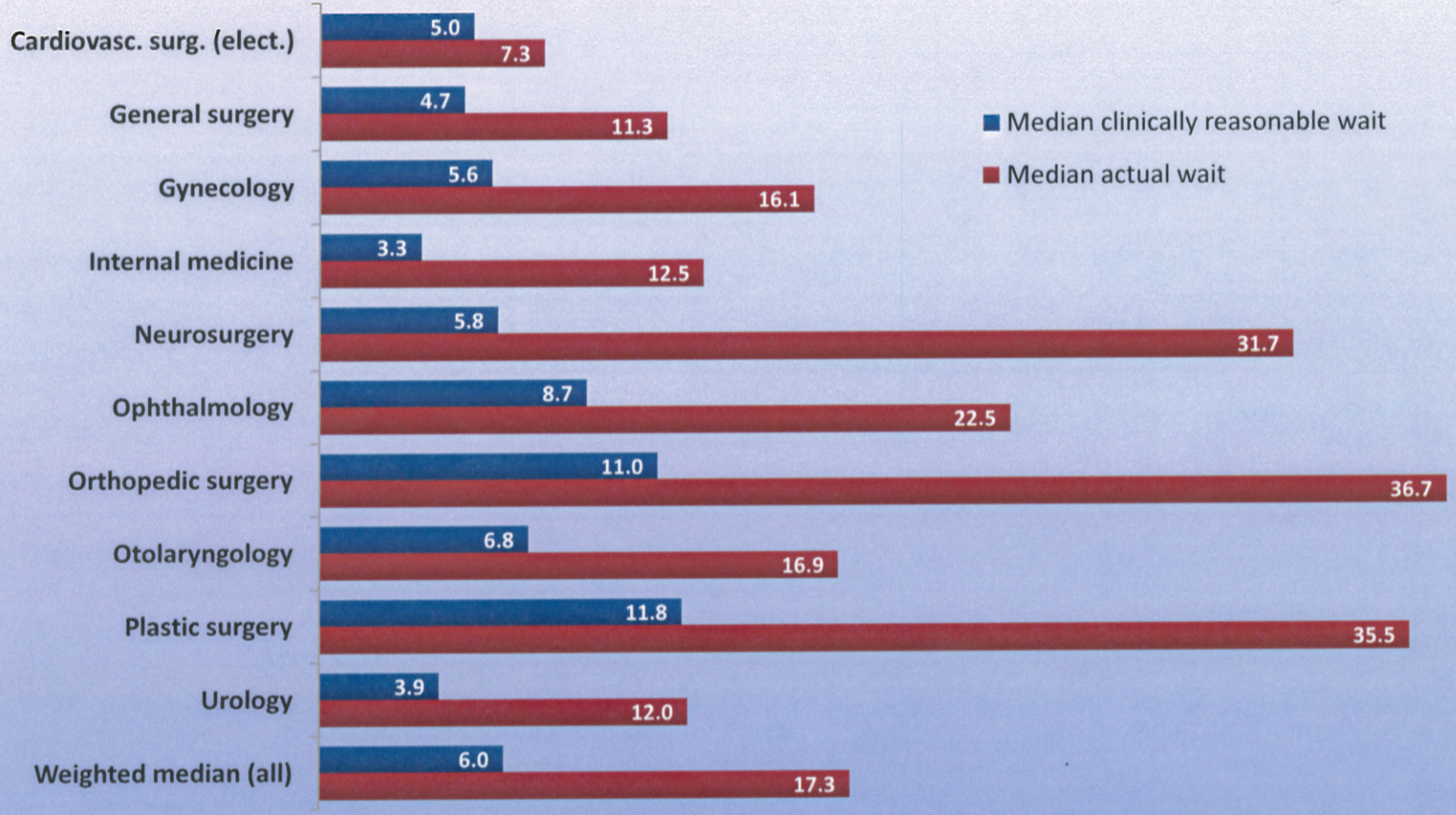
*Source: Michel Coleman, et al., "Cancer Survival in Five Continents: A Worldwide Population-Based Study (CONCORD,)" *The Lancet Oncology* August 2008, pp. 760-56.)

Delayed Care?

This chart using data from The Fraser Institute, a Canadian think tank, shows wait times for Canadian patients seeking health care services provided by the Canadian government-run health care system.

Canadian Wait Times (2008)

Median actual wait vs. Median clinically reasonable wait by Specialty (in weeks) from Primary Care Physician to Treatment



Source: Fraser Institute, "Waiting Your Turn: Hospital Waiting Lists in Canada, 2008 Report," table 2, p. 67, and table 8, p. 77.
Prepared by Republican Staff, Joint Economic Committee

Pay for Care Not Provided By the Government?
In Canada, Lindsay McCreith filed suit against Ontario's government-run health care system, claiming the government's ban on patients paying for private care violates his fundamental freedoms. Mr. McCreith was forced to travel to the United States for an MRI to diagnose a malignant growth in his brain. When the Canadian government then offered a months-long wait for treatment, he returned to Buffalo, New York for life-saving surgery. Canadian patients are NOT permitted to pay for treatments with their own money in many parts of Canada.

Until November 2008, patients in Britian who paid for unapproved prescription drugs out-of-pocket had to renounce all future National Health Service care. The government reversed its position after public outcry.

Access to the Latest Prescription Drugs?
According to the American Enterprise Institute, between 1995 and 2001, the 15 cancer drugs approved in Europe took 468 days to become available to patients. In the U.S. those same drugs took 273 days.

Herceptin, a breast cancer treatment drug, took 550 days to be approved in Europe as government officials battled over pricing, while the same drug was approved in 120 days in the United States.

In 2006, Ann Marie Rogers filed a lawsuit in Britian, seeking to force her local National Health Service office to pay for the Herceptin, which has been shown to halt the spread of cancer. In a public interview, she expressed her frustration, "It makes me so angry that these trusts are playing God, saying 'you can't have this, you can't have that.' They've got no right to decide who can have this life-saving drug."